

Minutes of the Regular Work Session of the  
Board of Mayor and Aldermen, City of Kingsport, Tennessee  
Tuesday, June 1, 2010, 4:00 PM  
Council Room – City Hall

PRESENT:

Board of Mayor and Aldermen

Mayor Dennis R. Phillips

Alderman Valerie Joh

Vice-Mayor Benjamin K. Mallicote

Alderman Charles K. Marsh, Jr.

Alderman Larry A. Munsey

Alderman Jantry Shupe

(arrived at 4:30 p.m.)

City Administration

John G. Campbell, City Manager

J. Michael Billingsley, City Attorney

James H. Demming, City Recorder

1. **CALL TO ORDER:** 4:05 p.m., by Mayor Phillips.
2. **ROLL CALL:** By Deputy City Recorder Gilbert. Absent: Aldermen Tom Parham. Alderman Jantry Shupe arrived after roll call at 4:30 p.m.
3. **WORK SESSION TICKLER.** Mayor Phillips asked about the timeframe for commencing and completing the roundabout project on Netherland Inn Road. Public Works Director Ryan McReynolds stated that the project is awaiting the acquisition of one more property.

City Manager Campbell explained the hold-up in coming to a satisfactory purchase arrangement with the property owner and, having exhausted every opportunity to give the land owner a fair price, the City may have to use its condemnation option but has been trying to avoid doing so. Mr. Campbell clarified that, when a property is condemned, the City pays the property owner a reasonable amount, as determined by the court.

Alderman Marsh asked, noting it was not on the tickler, about his request made at an earlier meeting to relocate Fire Station 2. City Manager Campbell said Mr. Marsh's recommendation was considered and discussed during Mr. Marsh's absence at one of the BMA's budget work sessions and the recommendation in the budget was to add four firefighters and move one pumper out of Station 1 (which currently has two pumpers) to Station 8 which will soon be constructed on New Beason Well Road. Fire Chief Dye provided further explained that Fire Station 2 is essential to provide protection for a lot of high profile buildings and properties such as Dobyns-Bennett High School, Kingsport Town Center and other major retail, as well as Eastman Chemical Company. Mayor Phillips added that there was negative community comments about closing Station 2 and the negative impact such a closure would have on the Life Saving crew backup.

*Mayor Phillips then asked Board members to consider Item VI.D.11 to accommodate those in attendance regarding this agenda item.*

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**4. REVIEW OF AGENDA ITEMS ON JUNE 1, 2010 REGULAR BUSINESS AGENDA.**

City Manager Campbell, members of staff and community members provided a summary or presentation for each item on the proposed agenda. Those items the Board discussed at greater length or which received specific questions or concerns included:

**VI.D.11 Consideration of a Resolution Authorizing the Mayor to Enter into an Agreement with K-V-A-T Food Stores, Inc. to sell a portion of the former Quebecor Property for the Construction of a New Food City Shopping Center (AF: 173-2010).** City Manager Campbell provided background information on the acquisition and development of this donated property. He explained the difficulty of generating interest due to the economic climate, the existing structures and the TDEC Brownfield agreement involved.

Mr. Campbell offered, in response to an inquiry from Alderman Marsh, that the City received a check in the amount of \$78,000 from The Press Group, LLC transaction which was deposited into the City's general fund account.

Assistant to the City Manager, Chris McCartt, showed a rendering of the location as it would be developed to incorporate the new 50,000 square foot Food City store, along with 2.2 acres preserved for the Farmers Market. The drawing illustrated 25,000 square feet of retail shops set up around a courtyard setting with half an acres set aside for stormwater catchment. ***[Alderman Shupe arrived at 4:30 p.m. during this discussion.]***

Further Board conversation determined that Press Street will be reopened and that K-V-A-T Stores will encourage additional retail development near its Food City store but will not be the developer of same.

Alderman Munsey expressed concern that additional retail development will be done without a specific guarantee or deadline and he would like some assurance that it will be done or consequences will be levied at some future time. He further stated that, in his 10 years on this Board and to his knowledge, the City has never sold a piece of property without an appraisal.

City Manager Campbell responded that the City is receiving around \$162,000 per acre in this transaction and, with the \$1.3 million development of this retail site, the City will benefit from both property and retail sales tax revenue.

Alderman Marsh pointed out that the City Manager has "taken an oath" that the City will not enter into a TIF (tax increment financing) or PILOT (payment in lieu of tax) arrangement on this property development as done in past redevelopment projects. Mr. Marsh believes this project will address three important issues: 1) provide a downtown grocery store; 2) stem retail leakage to areas such as Gate City, Church Hill, etc.; and 3) provide redevelopment in difficult economic times.

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Further Board discussion covered the type and location of the site's signage, landscaping, future of the two tanks and further development of the Farmers Market site.

*Board members returned to discussion at the beginning of the June 1, 2010 BMA agenda.*

**VI.AA.1 Public Hearing and Consideration of an Ordinance to Adopt the FY2011 Budget** (AF: 148-2010). Alderman Marsh asked for clarification on what appeared to be a discrepancy in the budget information received on how many employees the City has. He pointed out that page 9 showed 583 yet there were 715 on page 17. Budget Officer Judy Smith shared that 583 are "general fund" employees and 715 includes "enterprise fund" employees. In water department claim that five positions were dropped but total did not decrease.

Water Distribution Manager Chad Austin explained that last year three positions were eliminated but one was added for a total elimination of two positions. Public Works Director Ryan McReynolds further pointed out that the budget materials do reflect that 17 positions were approved in 2008 and only 12 were approved in 2010, indicating a reduction in headcount.

Alderman Marsh mentioned several items in the budget he took issue with such as: 1) hiring an assistant city manager; 2) increasing the amount providing to DKA (Downtown Kingsport Association); 3) flat revenue from Cattails; and 4) increasing water rates by 2%. Mr. Marsh opined that raising water rates is related to the City's 70% increase in debt and is a management issue.

City Manager Campbell shared that the 2% water increase carries a 29 cent impact on the average water bill and, by raising the rate an insignificant amount this year will help the City avoid a traumatic rate increase down the road. The cost of providing water service has increased due to many factors, such as the loss of Pet Dairy as a major consumer, increased power and labor costs.

**VI.D.2 Consideration of a Lease Agreement for Property Located at 2437 Sherwood Road** (AF: 143-2010). Public Works Director McReynolds explained the reasoning for requesting approval of this lease arrangement and the desire to acquire this and another property. Board members were not enthusiastic about paying \$2200.00 per month for three years to lease this property.

**VI.D.3 Consideration of a Resolution Awarding the Bid for the Purchase of One (1) Fire Pumper Apparatus to Heritage Fire Equipment, Inc.** (AF: 157-2010). City Manager Campbell explained that funding was appropriated for this replacement truck in the 2008 bond issue. Fire Chief Dye explained the need to replace trucks before they become costly to maintain and replacement costs keeps going up substantially each year. Chief Dye added that replacement had already been pushed out for a year.

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**VI.D.8 Consideration of a Resolution Authorizing the Mayor to Execute a Lease Agreement with Sterling Mets, L.P. for Lease of Hunter Wright Stadium (AF: 147-2010).**

Mr. McCartt explained the additional improvements requested by the Sterling Mets in this year's lease and, while City staff continues to work with the Mets on certain items, staff is recommending a three-year lease rather than the five-year term approved in the past. The improvements include carpeting the locker rooms and administrative area and construction of a covered batting tunnel. Mr. McCartt shared that the recarpeting has already been done at a cost of around \$2,000 and the batting tunnel construction will cost between \$35,000 and \$40,000.

Board members discussed the frustration of subsidizing the stadium property with no revenue benefit to the City. The current lease arrangement grants the Mets exclusive use of the stadium venue from June 1 through September 15, to the Board's chagrin and exclusion of events the KCVB (Kingsport Convention and Visitors Bureau) could book—which KCVB Executive Director Jud Teague stated could bring as much as \$1 to \$2 million per event to the region. Mr. Teague added that the Mets do allow KCVB to utilize the stadium when the Mets are out of town on 10-day trips and the batting tunnels being constructed will enhance KCVB's ability to draw NAIA (National Association of Intercollegiate Athletics) events to the site.

Alderman Marsh asked how much the City is subsidizing to allow the Mets' usage and Mr. McCartt indicated he would get with Mr. McReynolds and provide Board members with the amount of the City's actual expense prior to the budget vote. Mr. Marsh would like to see the City reimbursed at the least the amount of its operating and maintenance expense.

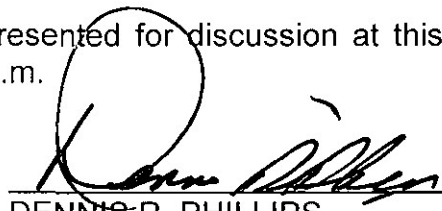
Alderman Joh reminded Board members that allowing the Mets' use of the stadium does provide a quality of life aspect which many citizens have come to expect and desire.

**BOARD COMMENT.** None.

**PUBLIC COMMENT.** None.

**5. ADJOURN.** Seeing no other matters presented for discussion at this work session, Mayor Phillips adjourned the meeting at 6:12 p.m.

  
ELIZABETH A. GILBERT  
Deputy City Recorder

  
DENNIS R. PHILLIPS  
Mayor